



A Guide to New Hampshire Unemployment Insurance Tax Audits

Why does the Department of Employment Security audit businesses?

The state and federal governments want to ensure compliance with Unemployment Insurance Law. The audit validates the correct wages are being reported as these wages are used to determine eligibility for unemployment benefits. Section RSA 282-A:117 of the New Hampshire Unemployment Tax law empowers the Commissioner and the Field Auditor as its authorized representative to examine records of employers.

What determines who is audited?

NHES audits 1% of the businesses in NH each year. A random audit selection process has been in place for several years. Recently, to address worker misclassification, the department uses other sources including information received from the Internal Revenue Service and other state agencies to select employers to audit.

What information is being looked for and what records need to be made available?

The auditor is seeking confirmation that all the wages have been reported correctly and all taxable wages have been computed correctly. Some of the records that need to be made available for the audit include state and federal tax returns including W2s, 1099's, payroll books, check registers and cancelled checks. The Field Auditor will advise you of other specific records that will need to be available prior to the audit.

How far back will the Audit reach?

Most audits are for the most recent completed calendar year. The audit may be expanded from the original audit year if it meets the criteria of \$500.00 or more in underreported or unreported taxes. Generally, the audit should not cover more than the current year and the three preceding calendar years.

How long will the Audit take?

The average audit takes 2-4 hours depending on the number of workers and records to be reviewed.

What if I made payments to Independent Contractors and the Auditor considers these wages?

The Field Auditor determines if an individual is in employment using the "ABC" Test RSA 282-A:9III (a),(b),(c). If all 3 parts of this test are not met the Field Auditor will consider the payments made to be wages, resulting in additional tax and fees that would be due.

What if I disagree with the Audit results?

Employers will receive an appealable determination on any audit which results in additional workers or wages not previously reported. Employers have 14 days to appeal the audit findings.

Should the employer's accountant or representative be present?

It is not necessary but it is the decision of the employer.

How does an employer learn the results of an audit?

When the audit is complete, the results of the audit are explained in an exit interview to the employer or the employer's representative.

More questions?

Please feel free to contact one of the Field Auditors at a location below:

Concord	603-228-4115
Conway	603-447-1459
Keene	603-352-1904
Laconia	603-528-9311
Lebanon	603-448-6340
Manchester	603-656-6567
Nashua	603-880-5231
Portsmouth	603-559-9101
Salem	603-893-9185
Out of State	603-656-6592